

REMARKS

The Examiner's indication of allowable subject matter is noted with appreciation.

Claims 1-7 and 10-11 are pending in the application. Non-elected claims 8-9 have been cancelled. Claims 1-7 have been revised to improve claim language. New claims 10-11 readable on the elected invention/species have been added to provide Applicants with the scope of protection to which they are believed entitled. No new matter has been introduced through the foregoing amendments.

The art rejections relying primarily on *Joo* are noted. Applicants respectfully submit that the references as applied by the Examiner do not fairly teach or suggest the disclosed selective skipping of watermark embedment where the watermark would degrade the picture quality. The feature is now defined in amended claim 1 as “selectively embedding the watermark at each said pixel position with the selectively altered original picture LLn coefficient value while skipping watermark embedment where the original picture LLn coefficient value before and after said altering differs by more than a predetermined value associated with the corresponding embedment strength λ .” The claim feature finds support in at least equation (3) and FIG. 5 of the application as filed where it is disclosed that if the absolute value of the difference between the initial O_LLn(i) value and the altered LLn(i) value is greater than a certain threshold, e.g., 3λ , the LLn(i) value would not be updated and the initial O_LLn(i) value would be maintained for protecting the picture quality from degradation.

In contrast, the *Joo* reference as applied by the Examiner is silent on whether the watermark embedment is selectively skipped or not. The disclosure in program listing (1) and FIG. 2 of *Joo* relates only to a method of changing the LL value while comparing LL with LL'. It does not constitute an enabling disclosure of the claimed feature.

Withdrawal of the rejections of all original elected claims is now believed appropriate and

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therefore respectfully requested.

With respect to claim 2, Applicants respectfully submit that the *Mehul* reference cited by the Examiner is not prior art to the present invention. According to the Examiner, *Mehul* has an effective reference date of October 15-17, 2003. The reference date is after the claimed priority date of the instant application, i.e., October 3, 2003. A sworn English translation of the priority document is enclosed herewith to perfect the priority claim in the instant application. Withdrawal of the rejection of claim 2 is now believed appropriate and therefore respectfully requested.

New claims 10-11 depend on claim 1 and include all limitations of claim 1. Claims 10-11 are therefore readable on the elected invention/species and are patentable over the applied art of record for at least the reasons presented above with respect to claim 1.

Each of the Examiner's rejections has been overcome. Accordingly, Applicants respectfully submit that all claims are now in condition for allowance. Early and favorable indication of allowance is courteously solicited.

The Examiner is invited to telephone the undersigned, Applicant's attorney of record, to facilitate advancement of the present application.

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To the extent necessary, a petition for an extension of time under 37 C.F.R. 1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 07-1337 and please credit any excess fees to such deposit account.

Respectfully submitted,

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